

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT OF)
LEVEE ROAD WATER ASSOCIATION)

CASE NO. 95-457

O R D E R

On October 16, 1995, Levee Road Water Association ("Levee Road") submitted its application to the Public Service Commission ("Commission") for the purpose of adjusting its rates pursuant to the purchased water adjustment procedure. KRS 278.012 and 807 KAR 5:068.

The Commission, having reviewed the evidence of record and being otherwise sufficiently advised, finds that:

1. Levee Road purchases its water from the Mount Sterling Water and Sewer Commission ("Mount Sterling").
2. Mount Sterling increased its rates effective with meter readings on and after October 1, 1995.
3. During the 12 months ending August 31, 1995, Levee Road purchased 41,909,019 gallons of water and sold 29,590,820 gallons.
4. Levee Road's calculations are incorrect in that the proposed rates are not calculated using the formula set out in 807 KAR 5:068, Purchased Water Adjustment for Water Districts and Associations. Levee Road additionally based its increase on Mount Sterling's county rates when the increase should have been based on

Mount Sterling's city water rates. The correct calculations are set out in Appendix B to this Order.

5. Based on Mount Sterling's current charges for purchased water, Levee Road's purchased water costs will increase by \$3,663, resulting in a purchased water adjustment of \$0.12 per 1,000 gallons. Based on an average monthly usage of 5,000 gallons, the average bill of Levee Road's customers will increase \$0.60 from \$24.25 to \$24.85, or 2.47 percent.

6. The purchased water adjustment of \$0.12 per 1,000 gallons and the rates in Appendix A, attached hereto and incorporated herein, are fair, just, and reasonable and should be approved.

IT IS THEREFORE ORDERED that:

1. The purchased water adjustment of \$0.12 per 1,000 gallons and the rates in Appendix A are approved for service rendered on and after October 1, 1995.

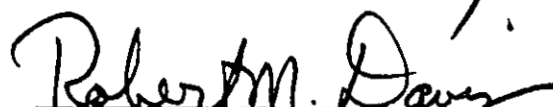
2. Within 30 days of the date of this Order, Levee Road shall file revised tariffs setting out the rates approved herein.

3. Within 30 days of the date of this Order, Levee Road shall file verification that customer notice has been given.

Done at Frankfort, Kentucky, this 8th day of November, 1995.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 95-457 DATED NOVEMBER 8, 1995.

The following rates and charges are prescribed for the customers in the area served by Levee Road Water Association. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

RATES: Monthly

First 1,000 gallons	\$10.37	Minimum Bill
Next 2,000 gallons	3.97	per 1,000 gallons
Next 3,000 gallons	3.27	per 1,000 gallons
Next 19,000 gallons	2.52	per 1,000 gallons
Next 25,000 gallons	2.17	per 1,000 gallons
Over 50,000 gallons	1.87	per 1,000 gallons

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 95-457 DATED NOVEMBER 8, 1995.

Calculation of Purchased Water Adjustment

Gallons Purchased: 41,909,019

Gallons Sold: 29,590,820

Cost at New Rate: \$67,977

Less

Cost at Base Rate: 64,314

Increase \$3,663

\$3,663 Increase divided by 29,590.82 gallons sold = \$0.1238
or \$0.12 per 1,000 gallons.